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DEPARTMENT FOR EUR/CE

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SUBJECT: OMV SAYS GAS SUPPLY TO AUSTRIA NOT AT RISK DESPITE
RUSSIAN-UKRAINIAN DISPUTE

¶1. According to an Embassy contact in the International Gas department of OMV, Austria's major oil and gas company, there are currently no/no signs that the natural gas flow from Russia to the Austrian gas station in Baumgarten has been reduced due to the Ukrainian-Russian gas dispute. (The Baumgarten facility serves as a hub for approximately 30 percent of Russian gas shipped to Western Europe.) The contact added, however, that a detailed assessment could be made only after the weekend. OMV is carefully monitoring the gas flow, and is in regular contact with Gazprom, our contact said. OMV does not expect problems as the transit gas pipelines in Ukraine are separate from those for domestic consumption. Our contact noted further that OMV would be able to quickly tap its gas storage facilities in the event of a reduction in the flow of gas transiting Ukraine. OMV issued a press release January 1 offering a similar analysis.

Background

¶2. OMV's subsidiary, EconGas, runs Austria's largest gas storage facility, where 1.7 bcm are stored at the moment (maximum capacity is 2.2 bcm). This amount is sufficient to supply Austria with natural gas for three months. The second biggest storage facility in Austria is at Haidach, a joint venture involving Gazprom, Austria's RAG and Germany's Wingas. Haidach is currently storing 0.8 bcm and has a capacity of 2.4 bcm.

¶3. Austria consumes 8-9 bcm of natural gas per year. According to OMV, 51 percent of this amount came from Russia in 2008 (down 13 percent from 2007), 31 percent from Norway and Germany (up 14 percent from 2007), and 18 percent from domestic production (down 1 percent from 2007).

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